

NEW CHARTER BODY NAMED BY MILLER

Riegelmann, Alderman Keller,
F. M. Scott, Bassett, Metz
and Parsons Selected.

SPECIAL SESSION LIKELY

Cromwell, L. L. Delafield, Mc-
Bain, Polk, Levine, Somers
and Williams in List.

Special Dispatch to THE NEW YORK HERALD.
New York Herald Bureau,
Albany, Nov. 28.

Gov. Miller named to-day the fifteen members of the New York Charter Revision Commission which, under an act of the last Legislature, is to revise the city's Charter.

The commission will use as the basis for its recommendations the information obtained by the Mayor investigating committee. The Governor is convinced that the city is operating under an antiquated charter into which has been injected year after year a hodgepodge of ill advised and unsystematic amendments.

The Governor intends to produce a thorough revision. He said this afternoon that he may call an extra session of the Legislature to consider the recommendations of the commission. He continued:

"I do not believe that the commission will have time to complete its report before the end of the regular session, but if its report should be ready shortly after the final adjournment I should call an extra session to act upon the New York city charter. I believe that better results can be obtained at an extraordinary session, when the Legislature has nothing else to think of, than at a regular session, when there is so much other work to be done."

The indications now are that the Governor will use every influence to get a short regular session of the Legislature and make way for well thought out action on the New York charter at the extraordinary session.

The act creating the Charter Revision Commission provided that its members must include Mayor Hylan, City Controller Craig, one Borough President and one member of the Board of Aldermen.

The Borough President selected by the Governor is Edward Riegelmann of Brooklyn and the Alderman is John Keller. The other members of the commission are Francis M. Scott, Associate Justice of the Appellate Division, First Department, and former Corporation Counsel; Edward M. Bassett, former Public Service Commissioner and member of Congress; George Cromwell, former Borough President of Richmond and a member of the Charter Revision Commission of 1909; Lewis L. Delafield, lawyer and chairman of the Judiciary Committee of the Bar Association; Joseph Levine, lawyer and builder; Prof. Howard Lee McBain of Columbia University; Herman A. Metz, former City Comptroller and member of the City Board of Education; William Barclay Parsons, former chief engineer of the New York Rapid Transit Commission; Frank L. Polk, formerly Under Secretary of State and former Corporation Counsel of New York; Arthur S. Somers of Brooklyn, member of the Board of Education and a former Civil Service Commissioner, and H. P. Williams, former president of the Queensborough Chamber of Commerce.

SERVICES FOR GEO. E. RANDY.
Funeral services will be held to-night for George Edgar Randy, 72, of 148 Eldert street, Brooklyn, who collapsed at the age of 15 and fought in the civil war. He was for forty years a letter carrier attached to the Brooklyn Post Office. He died last Saturday at the Holy Family Hospital in Brooklyn. He leaves his wife and daughter.

I. R. T. BORROWED MILLIONS FOR UNEARNED DIVIDENDS

Continued from First Page.

that sum \$500,000 was borrowed from the Interborough Consolidated, \$1,000,000 from the National Park Bank and \$1,000,000 from the National Bank of Commerce.

The next quarterly dividend of 1918, payable July 1, was declared on May 28. The minutes showed that to pay this dividend the company on April 16 borrowed from the Guaranty Trust Company \$1,000,000, from the Bankers Trust Company \$500,000, from the Metropolitan Trust Company \$500,000, from the Equitable Trust Company \$500,000, from the American Exchange Bank \$250,000, from the Chatham and Phenix National Bank \$500,000, from the Empire Trust Company \$500,000 and from the United States Mortgage and Trust Company \$250,000. The total sum borrowed to pay this quarterly dividend amounted to \$4,000,000.

Dividends and Loans Linked.
May 28 the directors declared a dividend of 2 1/2 per cent, amounting to \$875,000 and payable July 1. The minutes of the meeting of the executive committee of July 15, 1918, showed that all these bank loans were renewed and that on August 27 they declared a quarterly dividend of \$875,000, payable October 1. On October 15 the directors borrowed \$800,000 from ten different institutions in sums ranging from \$50,000 to \$100,000 each.

The examination showed that at this time the Interborough was making great efforts to float its 7 per cent, notes (now 8 per cent) with which to pay for the equipment under subway contract No. 3, which were taken for flotation by the Morgan banking house.

The witness was compelled to read into the record the text of a covenant which J. P. Morgan & Co. exacted of the I. R. T. directors as a condition of their undertaking to market the 7 per cent, notes. That condition provided specifically that no dividends in excess of 10 per cent, per annum should be declared thereafter "unless the surplus earnings of the company subsequent to September 1, 1918, applicable to the payment of dividends shall have been or shall be sufficient to pay the entire amount of all dividends declared subsequent to September 1, 1918." A 5 per cent, annual dividend was obligatory to take care of the Interborough's bondholders.

The letter exacting the Morgan condition, was under date of September 10, 1918.
Showing that the 1918 dividends already had exceeded 10 per cent, the examiner continued: "In other words, if the company kept faith with its bondholders, it could not declare any more dividends that year." Mr. Shearn then proceeded to show from the minutes that on November 23 the directors declared a quarterly dividend of 2 1/2 per cent, on \$35,000,000 of capital stock, or \$875,000, payable January 1, 1919. The record showed that those present and voting for the dividend were Messrs. Berwind, Cuyler, Hemphill, Julliard, Ludlow, O'Brien, Pepperman, Shonts, Sullivan, Tripp and the witness. Messrs. Shonts, Hemphill and Julliard have died since.

Deficit Goes Over a Million.
Figures in red ink upon the minutes at which this dividend was declared showed an operating deficit for the preceding three months of \$1,178,000. The witness admitted the deficit in question had risen to that figure from about \$700,000 at the end of the previous quarter.

"So that in November, when this dividend was declared, instead of the surplus left after its payment being at least as great as it was on September 1, there was a much larger deficit than there was on September 1."

"Well, slightly larger, yes, sir."

"Slightly larger? It was \$400,000 larger, wasn't it?"

"Yes, sir."

"Yet your directors had solemnly covenanted with Morgan & Co. if they would sell these notes, that they would not declare any more dividends under such circumstances?" asked Mr. Shearn.

The witness parried this thrust by saying that "dividends are not paid out of earnings of the previous quarter, but out of surplus taken as a whole." Mr. Shearn insisted the action was a breach of faith with Morgan & Co., who "apparently were alarmed and worried over this policy of the Interborough's of declaring dividends in their then financial condition."

Earlier in the examination it had been disclosed that of the total revenues of the I. R. T. in the last eighteen years, amounting to \$57,000,000 there had been paid out in dividends \$65,000,000.

The examiner next got into the record the fact that on March 21, 1919, James R. Sheffield was appointed receiver of the Interborough Consolidated Corporation, and that on the day before that happened "the directors of the Interborough Consolidated, who were also

directors of the Interborough Rapid Transit, took out of the treasury of the Interborough Consolidated and transferred into the treasury of the I. R. T. the sum of \$800,000." Mr. Fisher conceded that at that time the Consolidated was "presumably insolvent."

\$800,000 Promptly Returned.
Mr. Sheffield immediately demanded the return of the \$800,000 and it was restored to the Consolidated treasury. Mr. Fisher said he saw nothing illegal in this transaction.

"You do not see any illegality," asked Mr. Shearn, "in taking \$800,000 out of the treasury of an insolvent corporation the day before a receiver is going to be appointed and using it to pay the obligations of another company?"

Mr. Fisher thought that depended on the company. The I. R. T. being owned by the Consolidated it was to the interest of the former to see that the obligations of the Interborough were paid. The examiner reminded him that the two corporations had totally different sets of creditors, which the witness admitted was true.

Mr. Hedley was recalled at the opening of the morning session. Though he reaffirmed his belief that five cents will continue to be the largest nominal fare known here for a long time he did not wish to be understood as affirming that the nickel is sufficient at present operating costs to give proper service. He also made it clear that with the gradual disintegration of the system passengers in reality are paying more than five cents.

"We are rendering the best service we can with the moneys we are taking in," said he, "and the fare is five cents. But we have made some very substantial strides of late in reducing our operating expenses, and I am not prepared at this time to say that other things will not be evolved that may enable us to scale down our operating expenses substantially."

Menace for "L" Patrons.

"God help some of the people of this city when the elevated is separated from the subway," said Mr. Hedley, commenting upon his great desire to keep the I. R. T. out of a receivership. If that should happen, he said, the Manhattan probably would refuse to pay the \$17,000,000 that the "L" extensions cost and would not operate cars over them.

Mr. Hedley was surprised when Mr. Shearn, reading from reports to the commission, informed him that for the last fiscal year the B. R. T. had paid for its coal an average of \$6.93 a ton, while the

I. R. T. for the same period had averaged \$7.55. Mr. Hedley said that, from conversation with B. R. T. officers, he had supposed the Brooklyn corporation had been paying as much or more than did the I. R. T. Both companies, he said, got much of their fuel from the Berwind-White Company, the head of which concern, Edward J. Berwind, is an Interborough director.

Frank Samuelson, auditor of the New York Railways, now in receivership, was the last witness of the day. He described the various franchises and the intricate component parts of that system of surface lines.

MRS. WALTER COOKE.

Mrs. Walter Cooke, 42, died Sunday in St. Luke's Hospital, following an illness of a year. She was a member of the Harbour family, one of the oldest and most prominent in Paterson, N. J., where she had lived all her life. She presented to Paterson the David Barbour Cooke Home, a large fresh air camp at North Haledon, in memory of a dead son. Her husband, who survives, is vice-president of the Paterson Bridge Company. She also leaves two sons, her brother, J. Edwards Barbour, is head of the Harbour Flax Spinning Company.



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A definition

'arf-and-'arf

A dialect expression used in some sections of England to signify a beverage composed of an equal quantity of two liquids.

A New York business man's lunch (pronounced "half-and-half") made up of half milk and half cream, generally served in a bowl and with crackers. A good, adequate lunch for brain workers who desire to keep their mind in high speed for the pressure of afternoon business.

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